



#53

City of Austin, Texas

\$137,800,000

Electric Utility System Revenue Refunding Bonds, Series 2006A



The PFM Group

Public Financial Management Inc.
PFM Asset Management LLC
PFM Advisors

**Pricing Report
October 19, 2006**



\$137,800,000

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Refunding Bonds – The Bonds are being issued to refund \$141,885,000 of the City's outstanding revenue obligations. The obligations being refunded are the Combined Utility System Revenue Refunding Bonds, Series 1996A; the Electric Utility System Revenue Refunding Bonds, Series 2001, and the Electric Utility System Revenue Refunding Bonds, Series 2003. The refunding will result in net present value savings of \$6,279,290.02 to the City or 4.42% of the refunded bonds.



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ISSUER	City of Austin, Texas
TYPE OF SALE	Negotiated
PURCHASER	Merrill Lynch & Co.
BOND COUNSEL	Fulbright & Jaworski, L.L.P.
UNDERWRITER'S COUNSEL	Vinson & Elkins, L.L.P.
FINANCIAL ADVISOR	The PFM Group



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Bond Market Update

MARKET POSITION: TAX-EXEMPTS OPEN SLIGHTLY WEAKER Oct 18 2006 9:50

By Michael Scarchilli and Matthew Posner, The Bond Buyer NEW YORK (Thomson)--The municipal market opened unchanged with a slightly weaker tone this morning, as economic data came in generally as expected.

Secondary Market Trades reported by the Municipal Securities Rulemaking Board this morning showed some losses. A dealer sold to a customer Wisconsin Housing and Economic Development Authority 5 1/8s of 2009 at 5 3/4%, one basis point higher than where they traded yesterday. Bonds from an interdealer trade of insured Florida State Board of Education 4s of 2014 yielded 3 7/8%, up one basis point from where they were sold yesterday. A dealer sold to a customer insured New York City Industrial Development Agency 5s of 2046 at 4 4/8%, up two basis points from where they traded Monday. A dealer sold to a customer Port Authority of New York and New Jersey 5s of 2018 at 4 0/5%, even with where they were sold yesterday. The Treasury market experienced minor losses. The yield on the benchmark 10-year Treasury note, which opened at 4 7/8%, was recently quoted at 4 7/8%. The yield on the two-year note was quoted recently at 4 8/16%, after opening at 4 8/16%.

Economic Indicators In economic data released this morning, the effect of the drop of gasoline prices was felt once again as consumer prices fell last month by the largest amount in 10 months. The Labor Department reported that the Consumer Price Index dropped by 0.5% in September, a larger decline than the 0.2% gain that was expected by economists surveyed by IFR Markets. The CPI decline is largely due to a 7.2% drop in energy prices, according to the report. In August, overall CPI was reported as a 0.2% gain. The core CPI figure, which excludes volatile energy and food prices, made a modest 0.2% gain, matching the expectation of economists polled by IFR Markets. A key indicator for core inflation, this increase is in line with the minor gains reported in the last three months. In other economic news, a report on new home construction starts portrayed a gain in September of 1.772 million units, above the expected 1.640 million units by economists polled by IFR Markets. This is the first gain for this figure in the last three months. Last month's number was revised at 1.674 million. New building permits, on the other hand, dropped to 1.619 million in September, lower than the expected 1.708 million by economists polled by IFR Markets and also lower than last month's revised figure of 1.727 million.

Primary Market In the primary market today, the Port Authority of New York and New Jersey is scheduled to competitively sell \$300 million of consolidated revenue bonds at 11 a.m., EDT. The bonds will serially mature from 2026 through 2035 and will be callable at par in 2016. Moody's Investors Service rates the bonds A1, while Standard & Poor's and Fitch Ratings assign their AA-minus rating to the debt. The bonds are backed by all of the authority facilities, as well as cash reserves in the consolidated bond reserve fund totaling about \$1.6 billion at the end of fiscal year 2005, according to a Moody's report published last week. **Visible Supply** The Bond Buyer's 30-day visible supply rose \$74.6 million to \$10.06 billion. The total is comprised of \$3.575 billion of competitive deals and \$6.485 billion of negotiated bonds.

Previous Session's Activity The Municipal Securities Rulemaking Board reported 32,675 trades yesterday of 13,687 separate issues or a volume of \$21.53 billion. Most active was St. John, Mo., 4 5/8s of 2036, which traded 124 times at a high of 100.750 and a low of 98.875.

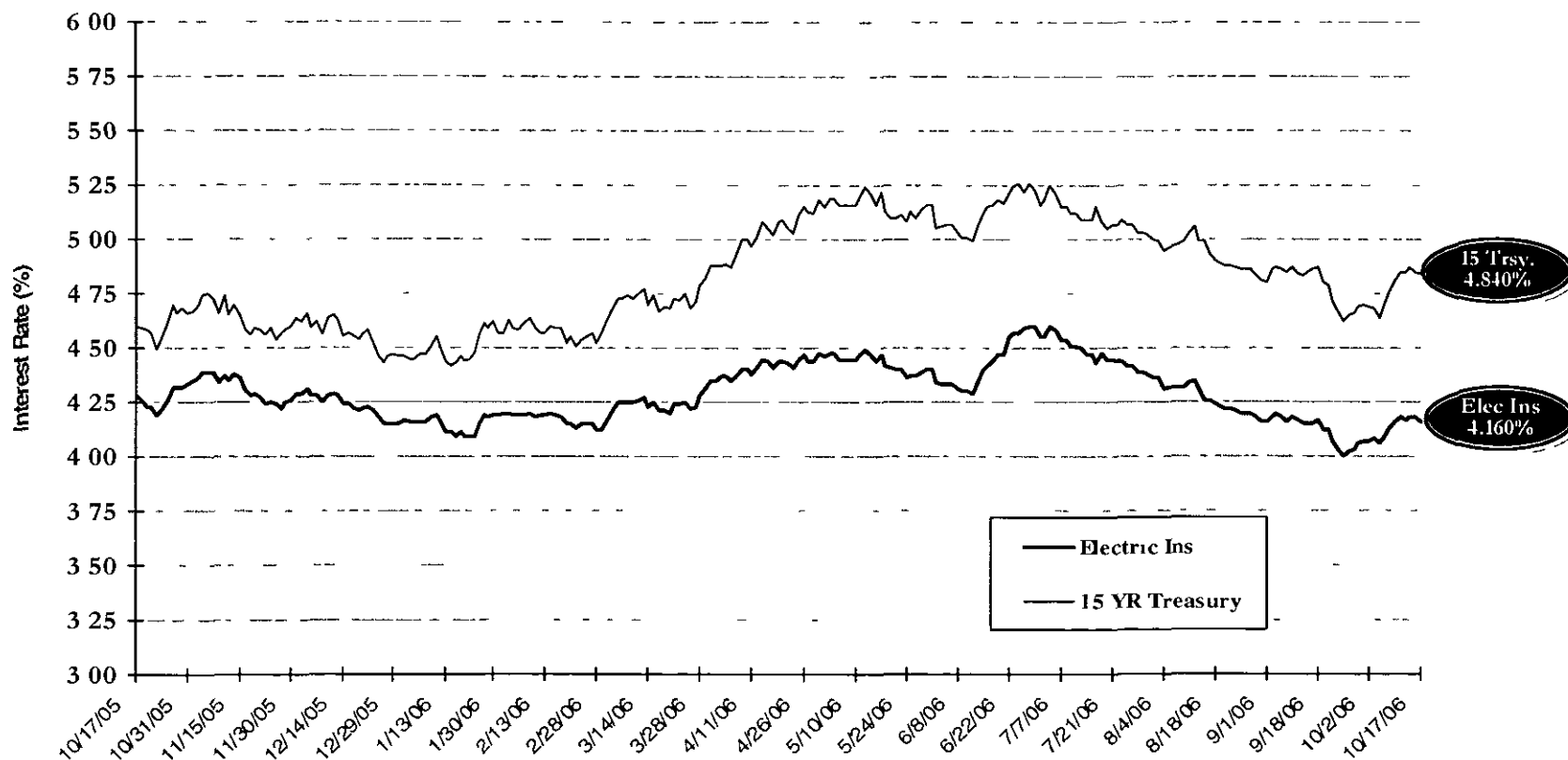


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Electric Insured Rates vs. 15 Year Treasury *October 2005 through October 2006*



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Municipal Markets Calendar

NEGOTIATED

<u>Week of</u>	<u>Amount</u>	<u>Issuer</u>	<u>State</u>	<u>Issue</u>	<u>Manager</u>
October 16, 2006	\$ 137,800,000	Austin, City of	TX	Rev	Merrill Lynch
October 16, 2006	\$ 123,620,000	Conroe ISD	TX	GO	UBS Securities LLC
October 16, 2006	\$ 91,364,945	Williamson Co	TX	GO	Morgan Keegan
October 16, 2006	\$ 74,999,905	Schertz-Cibolo-Universal City ISD	TX	GO	Southwest Securities
October 16, 2006	\$ 29,619,996	Richardson ISD	TX	GO	RBC Capital Markets
October 16, 2006	\$ 27,420,000	Houston ISD	TX	GO	Popular Securities, Inc

COMPETITIVE

<u>Week of</u>	<u>Amount</u>	<u>Issuer</u>	<u>State</u>	<u>Issue</u>	<u>Manager</u>
October 16, 2006	\$ 120,975,000	Seattle, City of	WA	Rev	N/A
October 16, 2006	\$ 143,060,000	New Jersey Env Infra	NJ	Rev	N/A
October 16, 2006	\$ 180,000,000	Virginia Hsg Dev Auth	VA	Rev	N/A
October 16, 2006	\$ 100,000,000	Wisconsin	WI	Rev	N/A
October 16, 2006	\$ 88,525,000	San Francisco, City of	CA	GO	N/A
October 16, 2006	\$ 83,165,000	Washington Suburban San Dt	MD	Rev	N/A



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Maturity Schedules

Electric Utility System Revenue Refunding Bonds, Series 2006A

<u>Maturity</u>	<u>Amount</u>	<u>Coupon</u>	<u>Yield</u>
11/15/2009	\$ 17,070,000	5 000%	3 600%
11/15/2010	13,305,000	5 000%	3 640%
11/15/2011	12,625,000	5 000%	3 670%
11/15/2012	10,930,000	5 000%	3 730%
11/15/2013	14,315,000	5 000%	3 780%
11/15/2014	9,745,000	5 000%	3 830%
11/15/2015	10,750,000	5 000%	3 880%
11/15/2016	4,360,000	5 000%	3 950%
11/15/2017	4,645,000	5 000%	4 030%
11/15/2018	4,935,000	5 000%	4 070%
11/15/2019	5,140,000	5 000%	4 110%
11/15/2020	5,440,000	5 000%	4 150%
11/15/2021	14,930,000	5 000%	4 180%
11/15/2022	9,610,000	5 000%	4 210%

<u>Ratings</u>	<u>Insured*</u>	<u>Underlying</u>
Moody's –	Aaa	A1
Standard & Poor's –	AAA	A+
Fitch Inc –	AAA	AA-

*AMBAC

True Interest Cost. 4 110835%



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